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SIPDIS

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E.O. 12958: DECL: 06/01/2010

TAGS: [BEXP](#) [ECON](#) [ETRD](#) [TU](#)

SUBJECT: BOEING FEELS PRESSURE IN THE TURKISH MARKET

(U) Classified by DCM Robert Deutsch; Reasons 1.4 b and d.

[11.](#) (C) Summary: Boeing representatives continue to be concerned over attempts by a senior official of the AKP cabinet to pressure the company into hiring one of his associates as Boeing's representative in Turkey. Boeing is currently competing with EADS-Airbus for the potential sale of 19 narrow and wide body aircraft to expand the fleet of Turkish Airlines (THY). In addition to purchasing 19 aircraft and extending lease options for eight B737-400 aircraft, THY anticipates a need for 35 additional planes to meet future demand. End Summary.

[12.](#) (C) Earlier this week, Boeing representatives met with Embassy officials to discuss issues of concern to Boeing in the Turkish market. Boeing is concerned over attempts by a senior member of the AKP cabinet to pressure Boeing into hiring one of his associates as Boeing's representative in Turkey. The state-owned Turkish flag carrier, THY, is currently interested in purchasing nineteen planes to expand its fleet. In addition to this fleet expansion, THY is also looking to lengthen its lease on eight Boeing 737-400s, which expire in 2006. THY expects a need for 35 additional planes to meet future flight demand. This project, valued at more than USD 2.9 billion (approximately 85 percent U.S. export content), is one of the largest projects in Turkey in the past several years. The German Chancellor and the French President have raised the upcoming THY acquisitions, on Airbus' behalf, with Prime Minister Erdogan in previous discussions.

[13.](#) (S) According to our Boeing contacts, Rafi Harlev, an Israeli national and former Director General of El Al, approached Boeing in March 2004 and introduced Boeing to a Turkish businessman named Mehmet Emin Erkan, Chairman, ERKAN Companies Group, and an Israeli businessman named Ramiz Aydasgil, Managing Partner, ExaGlobal Partnership. Mr. Erkan advised Boeing that the Turkish Finance Minister was interested in meeting with Boeing to discuss THYs acquisition, and volunteered to arrange the meeting with the Finance Minister. (Comment: Senior THY management reports to the Finance Minister. End Comment).

[14.](#) (C) During Boeing's meeting with the Finance Minister, the Minister told Boeing that Mr. Erkan understands the airline business well and is fully aware of THYs requirements. Immediately following the meeting with the Finance Minister, Mr. Erkan asked Boeing to retain him as their consultant in Turkey to ensure Boeing's success in this market. Boeing declined Erkan's request.

[15.](#) (C) Comment: Post remains concerned about extensive lobbying by senior EU officials and the heads of state of Germany and France on behalf of Airbus. The Finance Minister is scheduled to meet with Airbus in Paris later this week. Post recommends that Washington agencies use all available opportunities to impress their GOT interlocutors on the importance we attach to transparency in THYs acquisition. Post will continue its active advocacy on behalf of Boeing. End Comment.